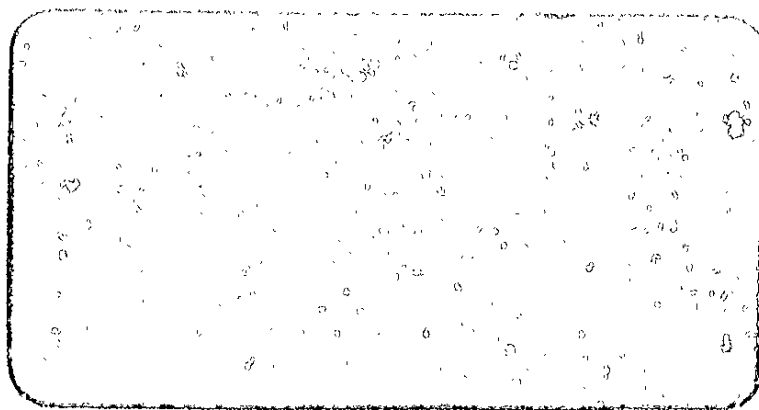


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SATELLITE INFORMATION SERVICES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1990

SATELLITE INFORMATION SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors submit their report for the year ended 31 March 1990.

Principal activity

The company's principal activity is the provision of an integrated television and information service delivered via satellite.

Business review and future developments

The detailed results for the year ended 31 March 1990 are set out in the profit and loss account on page 4.

During the year the company completed its rollout programme so that the television picture service became available throughout the United Kingdom from July 1989. Since that date the company has been the sole provider of a live betting information service in the United Kingdom. Expansion into the Irish and European markets commenced during the year and further overseas opportunities continue to develop.

In October 1989 the company successfully applied for one of six specialised satellite services licences awarded by the Department of Trade and Industry. This led to the creation of SISlink, a new operating division set up to exploit the licence, and its facilities were soon in use delivering memorable live news pictures from Berlin and Prague to the United Kingdom and United States. SISlink is expected to develop substantially from exploitation of the expansion of opportunities using satellite facilities.

Share capital and financing

In February 1990 an issue of shares raised new capital of £8,303,265 (net of expenses) as detailed in Notes 12 and 13 on pages 11 and 12.

On the same date, loan stock of £8,450,000 was subscribed and bank facilities totalling £45 million made available. These facilities are scheduled for repayment by March 1993.

This refinancing enabled repayment of the shareholder loans which had supported the company in its early years.

Dividend

No dividend is proposed.

SATELLITE INFORMATION SERVICES LIMITED

REPORT OF THE DIRECTORS - continued

Directors

The following directors held office during the year:

B.R. Matthews	-	Chairman
C.W. Stoddart	-	Managing Director and Chief Executive
J.J. Bridge	-	Finance Director
P.M. George		
R.W. Green	-	resigned 25.10.89
H.S. Perlin		
M.J. Snapes		
Lord Wyatt of Weeford		
P.E.B. Cawdron	-	appointed 25.10.89, resigned 20.2.90
C.R. Hollick	-	appointed 6.3.90
G.J. Lomer	-	appointed 6.3.90
G.A. Walker	-	appointed 6.3.90
J.J. Warr	-	appointed 6.3.90

There are no directors' interests requiring disclosure under the Companies Act 1985.

Fixed assets

The changes in the fixed assets during the year are set out in Note 5 on page 9.

Close company provisions

In the opinion of the directors, the company is not a close company as defined in the Income and Corporation Taxes Act 1988.

Auditors

Coopers & Lybrand have merged their practice with Deloitte Haskins & Sells and have adopted Coopers & Lybrand Deloitte as their business name. They have signed the auditors' report in their new name. A resolution to reappoint Coopers & Lybrand Deloitte as auditors for the year will be proposed at the Annual General Meeting.

By order of the board

J.J. Bridge

17 Corsham Street
London N1 6DR

J.J. BRIDGE
Secretary

13 November 90

REPORT OF THE AUDITORS TO THE MEMBERS OF
SATELLITE INFORMATION SERVICES LIMITED

We have audited the financial statements set out on pages 4 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

Coopers & Lybrand Deloitte

Chartered Accountants
LONDON 14 November 1990

SATELLITE INFORMATION SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1990

	Notes	1990 £'000	1989 £'000
Turnover	1	46,265	17,803
Operating expenses	2	(36,340)	(22,129)
Operating profit/(loss)		9,925	(4,326)
Interest receivable		434	154
Interest payable on bank loans, overdrafts and other loans repayable within five years		(8,099)	(3,987)
Profit/(loss) on ordinary activities before taxation		2,260	(8,159)
Taxation	4	-	-
Profit/(loss) for the year		2,260 *****	(8,159) *****

The notes on pages 7 to 12 form part of these accounts.

SATELLITE INFORMATION SERVICES LIMITED

BALANCE SHEET AT 31 MARCH 1990

	Notes	1990 £'000	1989 £'000
Fixed assets			
Tangible assets	5	41,379	29,860
Current assets			
Stock	6	1,757	843
Cash at bank and in hand		1,316	8,876
Debtors	7	5,112	4,496
		8,185	14,215
Creditors (amounts falling due within one year)	8	(16,877)	(19,696)
Bank overdraft and short term loans	9	(4,756)	(3,704)
Shareholder loans	10	-	(36,343)
Interest payable on shareholder loans	10	-	(5,414)
		(21,633)	(65,157)
Net current liabilities		(13,448)	(50,942)
Total assets less current liabilities		27,931	(21,082)
Creditors (amounts falling due after more than one year)	11	(38,450)	-
		(10,519)	(21,082)
Capital and reserves			
Called up share capital	12	22	20
Share premium account	13	8,301	-
Profit and loss account	13	(18,842)	(21,102)
		(10,519)	(21,082)

Approved by the board of directors on 13 November 1990 and signed on its behalf by

C W Stoddart

J J Bridge

The notes on pages 7 to 12 form part of these accounts.

SATELLITE INFORMATION SERVICES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31 MARCH 1990

	1990		1989	
	£'000	£'000	£'000	£'000
Source of funds				
Funds generated from operations:				
Profit (loss) on ordinary activities before taxation		2,260		(8,159)
Adjustment for items not involving the movement of funds:				
Depreciation	8,330		3,440	
Loss on disposal of fixed assets	555		-	
		8,885		3,440
Funds from other sources:				
Bank loans	30,000		-	
Issue of shares	8,303		-	
Issue of loan stock	8,450		-	
Sale of fixed assets	-		7	
		46,753		7
		57,898		(4,712)
Application of funds				
Purchase of tangible fixed assets		(20,404)		(23,169)
		37,494		(27,881)
Movement in working capital - increase/(decrease)				
Stock	914		592	
Debtors	616		(12,781)	
Creditors	2,819		(20,467)	
Shareholder loans and interest	41,757		844	
		46,106		(31,812)
Movement in net liquid funds				
Cash	(7,560)		7,047	
Bank overdraft and short term loans	(1,052)		(3,116)	
		(8,612)		3,931
		37,494		(27,881)

The notes on pages 7 to 12 form part of these accounts.

SATELLITE INFORMATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied less any amounts deferred into the following year.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition and installation.

Tangible fixed assets are written off by equal annual instalments over the following estimated useful asset lives:

Installed equipment	- reception	: 7 years
	- display	: 5 years
Studio equipment		: 5 years
Fixtures, fittings and other equipment		: 4-5 years

Included in tangible fixed assets are deposit payments totalling £1,750,000 made to British Telecom which have been depreciated on the same basis as reception equipment.

Finance and operating leases

Costs in respect of operating leases are charged in arriving at the operating profit. There are no assets held under finance leases.

Pension scheme arrangements

The company operates a contributory money-purchase pension scheme. Payments made to the fund are charged in the financial statements as part of employment costs.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

SATELLITE INFORMATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

2 Operating expenses

Operating expenses include:

	1990 £'000	1989 £'000
Employment costs (Note 3)	4,046	3,293
Operating lease rentals:		
Land and buildings	190	129
Motor vehicles	291	260
Exchange gains	(325)	-
Auditors' remuneration	25	15
Depreciation (Note 5)	8,330	3,440

3 Employees and directors

The average number of persons employed by the company, including executive directors, during the year was 215 (1989 - 173).

Employment costs were:

	1990 £'000	1989 £'000
Wages and salaries	3,539	2,889
Social security costs	361	280
Pension contributions	146	124

4,046	3,293
=====	=====

Directors' emoluments were:

188	124
=====	=====

Emoluments, excluding pension fund contributions, of:

Chairman	22	22
Highest paid director	90	57

The number of other directors and employees whose emoluments, excluding pension fund contributions, fell within the following ranges was:

	<u>Directors</u>		<u>Employees</u>	
	1990	1989	1990	1989
£0 to £5,000	10	6		
£30,001 to £35,000	-	-	3	2
£35,001 to £40,000	-	1	2	1
£40,001 to £45,000	-	-	2	2
£45,001 to £50,000	-	-	4	-
£55,001 to £60,000	1	-		

SATELLITE INFORMATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

4 Taxation

No taxation charge arose in the year as a result of losses for taxation purposes brought forward and incurred in the year.

5 Fixed Assets

	Installed equipment £'000	Studio equipment £'000	Motor vehicles £'000	Other equipment £'000	Total £'000
Cost					
At 1 April 1989	30,641	1,326	235	2,182	34,384
Additions	18,348	276	1,043	737	20,404
Disposals	(613)	-	-	-	(613)
At 31 March 1990	48,376	1,602	1,278	2,919	54,175
Depreciation					
At 1 April 1989	3,226	551	93	654	4,524
Disposals	(58)	-	-	-	(58)
Charge for the year	7,325	267	144	594	8,330
At 31 March 1990	10,493	818	237	1,248	12,796
Net book value					
At 31 March 1990	37,883	784	1,041	1,671	41,379
At 31 March 1989	27,415	775	142	1,528	29,860

SATELLITE INFORMATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

6 Stock

Stock comprises equipment for installation and is stated at cost less provisions for obsolete, slow moving and defective items.

7 Debtors

	1990 £'000	1989 £'000
Trade debtors	2,588	2,004
Other debtors & VAT recoverable	1,368	2,084
Prepayments	1,156	408
	<u>5,112</u>	<u>4,496</u>
	*****	*****

8 Creditors (amounts falling due within one year)

	1990 £'000	1989 £'000
Trade creditors	1,367	6,445
Other creditors	1,227	425
Taxation and social security	121	92
Deferred income	5,019	5,960
Accruals	8,987	6,774
Loan stock interest	156	-
	<u>16,877</u>	<u>19,696</u>
	*****	*****

9 Bank overdraft and short term loans

The bank overdraft and short term loans are secured by a debenture over the company's assets (Note 11).

10 Shareholder loan accounts

Loans made by shareholders or group companies of shareholders of the company.

	1990 £'000	1989 £'000
Loans outstanding:		
Mecca Bookmakers Limited	-	7,921
Ladbroke Group PLC	-	10,506
Coral Racing Limited	-	7,921
Sears Securities plc	-	7,921
Horserace Totalisator Board	-	2,074
	<u>-</u>	<u>36,343</u>
	*****	*****

SATELLITE INFORMATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

10 Shareholder loan accounts continued

	1990 £'000	1989 £'000
Interest payable:		
Mecca Bookmakers Limited	-	1,154
Ladbroke Group PLC	-	1,647
Coral Racing Limited	-	1,182
Sears Securities plc	-	1,141
Horserace Totalisator Board	-	290
	-	5,414
	*****	*****

11 Creditors (amounts falling due after more than one year)

	1990 £'000	1989 £'000
Bank loans	30,000	-
Unsecured loan stock 1994	8,450	-
	38,450	-
	*****	*****

The bank loans bear interest at variable rates and are secured by a debenture over the company's assets. The loans are scheduled for repayment by 31 March 1993. The unsecured loan stock 1994 bears interest at variable rates and is repayable by the company at its option from 30 September 1991 to 31 December 1994 subject to subordination to the bank loans. The loan stock has been subscribed by shareholders or group companies of shareholders of the company.

12 Called up share capital

	Authorised		Allotted and fully paid	
	Number of Shares	£	Number of Shares	£
Ordinary shares of £1 each at 1 April 1989	20,000	20,000	20,000	20,000
	*****	*****	*****	*****
Ordinary shares of £1 subdivided into 10 shares of 10p each	200,000	20,000	200,000	20,000
Increase in authorised share capital	95,000	9,500		
Shares issued			18,614	1,861
Ordinary shares of 10p each at 31 March 1990	295,000	29,500	218,614	21,861
	*****	*****	*****	*****

SATELLITE INFORMATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

13 Reserves	Share premium account £'000	Profit and loss account £'000
At 1 April 1989	-	(21,102)
Premium on allotments, net of expenses	8,301	
Retained profit for the year		2,260
At 31 March 1990	8,301	(18,842)

14 Contingent liabilities and financial commitments

In July 1986 the company entered into a contract with British Telecom for the supply of satellite and related earth station facilities (until 30 April 1992), dishes, decoders and related equipment. Under the terms of the contract the maximum liability is limited to £5 million.

The agreement between the company and the Racecourse Association Limited, dated 21 October 1987, specifies that payments totalling in the region of £25 million are to be made to the RCA in the first five years, of which approximately £16 million was unpaid at 31 March 1990.

Payments which are committed to be made during the next year, in respect of operating leases are analysed as follows:

	1990		1989	
	Land and buildings £'000	Motor vehicles £'000	Land and buildings £'000	Motor vehicles £'000
Expiring within one year	11	100		77
Expiring between 1 & 5 years	15	308	9	222
Expiring in five years or more	357	-	134	-